

THE MEDICAID MANAGEMENT EXCHANGE-MMX



ADMINISTRATIVE NOTES ON MEDICAID MANAGEMENT

APRIL 1978

ISSUE #1

NEWS IN BRIEF

Dick Heim New Medicaid Bureau Director

RICHARD W. HEIM, former Executive Director of New Mexico's Health and Social Services Department, has been appointed new Director of the Medicaid Bureau. In a news release, HCFA Administrator Robert Derzon said, "Dick Heim is a talented and imaginative executive, and I am most pleased he has agreed to take this important post....His accomplishments during an outstanding career demonstrate both his commitment to helping the poor of our country and his management skills in initiating creative ways to meet that commitment."

In his new role as Director-designee, Dick addressed the State Medicaid Director's Conference, held March 6-9 in New Orleans. He promised that he would remain open and accessible to the States as Director, and asked people to take him to task if they felt he was catching "Potomac Fever." During a brief talk on Medicaid, he discussed long term care patient problems, the need to reach Medicaid policy makers in order to improve management, and the need for longer periods for States to comment on important policy issues.

Previously, Dick Heim was County Manager of Bernadillo County, New Mexico, Acting Director of the Division of Public Administration at the University of New Mexico, and for three years, Administrative Assistant to U.S. Senator Clinton P. Anderson. In addition, Heim was a member of the Advisory Committee on National Health Insurance of the Subcommittee on Health, House Ways and Means Committee, from 1975 to 1978.

New York City Offers Prepaid Health

NEW YORK CITY's Department of Social Services is offering 100,000 Medicaid recipients the chance to drop their usual Medicaid coverage, in favor of the same prepaid comprehensive health and hospital care provided city employees under the Health Insurance Plan of Greater New York.

The objective is to cut the city's soaring Medicaid costs and improve the quality of recipients' medical care by giving them the continuity of care that outpatient hospitals and "Medicaid Mills" rarely provide.

Medicaid to Cost \$21 Billion

MEDICAID will cost \$21.2 billion in FY 1979, according to the President's budget. The budget, released in January, estimates costs will increase 11.2% over FY 1978. \$20.1 billion is budgeted for medical assistance payments, and \$1.1 billion for administration and training.

Second Opinions Save Money

MASSACHUSETTS' second opinion program, according to rough, first cut estimates, has generated a net cost savings of \$1,626,000. Direct program costs were \$450,000. The State experienced a 33% drop in tonsillectomies and adenoidectomies, 59% in hemorrhoidectomies, and 68% in meniscectomies (excision of a meniscus, a crescent-shaped piece of cartilage in the knee joint.) The State is now seeking funds for a formal evaluation of the project, as they have a good faith commitment with providers to evaluate what is considered an experimental program.

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MMIS UPDATE

MMIS Grows Nationally

49 OF 53 MEDICAID jurisdictions have implemented, are currently implementing, or are planning implementation of MMIS, one indicator of increasing MMIS activity. 15 States have already been certified, and are receiving the 75% match for MMIS operation. They are: ARKANSAS, GEORGIA, HAWAII, INDIANA, MICHIGAN, MINNESOTA, MONTANA, NEW HAMPSHIRE, NEW MEXICO, OHIO, OKLAHOMA, TEXAS (State operated portion), UTAH, WASHINGTON, and WISCONSIN.

11 other States expect to receive approval for 75% operating match monies during 1978; they are: ALABAMA, CALIFORNIA, FLORIDA, IDAHO, KANSAS, LOUISIANA, NEBRASKA, NEW YORK, NORTH CAROLINA, TENNESSEE, TEXAS (contracted portion), and VIRGINIA.

An additional 23 jurisdictions are developing or have partially implemented their MMIS. These are: ALASKA, COLORADO, CONNECTICUT, DELAWARE, DISTRICT OF COLUMBIA, GUAM, ILLINOIS, IOWA, KENTUCKY, MAINE, MARYLAND, MASSACHUSETTS, MISSISSIPPI, MISSOURI, NEVADA, NEW JERSEY, NORTH DAKOTA, OREGON, PENNSYLVANIA, SOUTH DAKOTA, VERMONT, WEST VIRGINIA, and WYOMING.

Illinois Chooses Delphi

ILLINOIS picked Delphi Associates, Inc. over four other bidders to complete implementation of their MMIS. The State has asked the Regional Office to approve the contract, and expects implementation to occur approximately 12 months after contract approval.

Indiana Certified

INDIANA's MMIS received final approval from the Regional Office on October 28, 1977.

California RFP

THE STATE OF CALIFORNIA, Department of Health received five proposals in response to their RFP for a Medi-Cal Fiscal Intermediary. The contract will require, over five years, processing of \$15-20 billion of claims affecting over 2 million eligibles and 70,000-100,000 providers. Administrative costs are expected to run over \$250 million. The five bidders are: Metropolitan Life of New York; Computer Sciences of Los Angeles; C.N.A. Continental Casualty of Chicago; Bradford National of New York; and Blue Shield Service Corporation of San Francisco.

Idaho Requests Certification

EDSF has been processing claims for IDAHO since January 3, 1978. The Idaho system is similar to the one EDSF is operating in WASHINGTON State, where the contractor does the computer work and the claims processing, while the State maintains control over resolving pended claims and claims payment. Idaho has requested MMIS certification retroactive to Jan. 3.

New York MMIS

BRADFORD NATIONAL CORPORATION assumed responsibility for Medicaid claims processing in NEW YORK CITY for physicians and clinics, as of November 1, 1977. Under their fiscal agent contract to operate New York's MMIS, Bradford has been issuing about 600,000 Medicaid IDs per month, besides paying claims and enrolling providers.

Funded by HCFA at 90% for design and installation (\$33 million), the MMIS will allow valid claims to be paid within 12 days, instead of the former 90 days or more. Projected first year savings is \$250 million, due to controls over fraud and abuse.

The second provider group, pharmacies has been rescheduled to April 1 to accommodate a State formulary change.

ABOUT THE MMX

Beginning with this issue, the Institute for Medicaid Management (IMM) will publish the Medicaid Management Exchange--MMX on an irregular basis, 8-12 times per year. We see the purpose of the MMX as being two-fold:

First, the MMX will be a quicker and more informal means for the Medicaid Bureau and HCFA to communicate with State Medicaid agencies and others interested in the Medicaid program. The MMX makes it possible for the Central Office to make readers aware of conferences, pending legislation, policy changes, and personnel changes on a timely basis.

The second, and more important purpose of the MMX is that of serving as a means for State Medicaid agencies to communicate with each other. The IMM believes it important for States to be aware of Medicaid related activities in other States, and sees the MMX complementing the Journal for Medicaid Management and IMM conferences and workshops in this regard.

The primary focus of the MMX will be MMIS implementation and use. State movement toward implementation will be featured, as will MMIS activities in certified States. Other subjects, including child health, fiscal agents, HMOs, and reimbursement also will be discussed in brief.

The MMX is a cooperative effort between the IMM and its readership. We hope you as a reader will submit items for publication in the MMX, such as interesting data, news about the Medicaid program in your State, or a new or interesting management technique or demonstration project.

Please submit items to:

Medicaid Management Exchange
IMM/MMB/HCFA
330 "C" Street, S.W.
Washington, D.C. 20201

We welcome you as a reader, and look forward to a long and fruitful partnership.



MMIS--continued

California Sends EOMBS

WITH THE PASSAGE of PL 95-142, CALIFORNIA has dropped its lawsuit (California vs. Matthews) regarding the EOMB requirement for MMIS certification. As allowed under the new law, California will send out EOMBS on a sample basis to those recipients that did not receive sensitive services (family planning, etc.) The Regional Office will review California's plan and request for the 75% operational match.

Kansas Chooses Contractor

KANSAS received five responses to their RFP for an MMIS, and selected Electronic Data Systems Federal Corporation (EDSF) as a contractor. Systems implementation date is tentatively set for July 1, 1978.

NEWS--continued

State Assessments

THE CENTRAL OFFICE State assessment team reviewed UTAH's program February 7-17, 1978, continuing its series of reviews of State management practices. In addition to the work of the Central Office staff, the Regions are also conducting reviews on an ongoing basis.

Ohio Finds Medicaid Fraud Unit

OHIO plans to establish a special office to investigate Medicaid fraud. The Ohio Office of Management and Budget anticipates that the unit will be operational by June, 1978, and staffed with 10-15 employees. The unit will conduct investigations and turn the results over to county prosecutors.

LEGISLATIVE LEDGER

CHAP

THE CHILD HEALTH ASSESSMENT PROGRAM (CHAP) has been going through mark-up in Congressman Paul Rogers' Subcommittee on Health and the Environment. CHAP, the current Administration bill designed to improve the health of poor children, was introduced last year, and contains provisions to promote the EPSDT program and expand eligibility to all financially eligible children under 21 (based upon 1978 amendments.)

The Subcommittee altered the Administration proposal by: setting a national income standard (\$4200 for a family of four) and including as mandatory coverage groups all children under 18 and pregnant women, and making coverage for the 18-21 group optional; changing the match rate for dental and ambulatory care only for children under case management (those with current assessments) to 25 percentage points higher than the current one, with a maximum match of 90%; matching outreach costs at 75% for an initial limited period (2-3 years); providing that after that period, all administrative costs will be eligible for a 75% match, if States reach certain performance levels; allowing States to continue to contract with screening agencies (such as public health departments or rural health centers) that meet certain performance criteria, instead of requiring use of comprehensive health care providers; and expecting schools in low-income areas which have agreements as qualified providers to screen all students.

Rogers' Subcommittee staff is drafting a new bill incorporating these changes for the Subcommittee to consider.

Clinical Laboratory Improvement Act

CONGRESS is considering legislation that will extend and tighten regulation of all private labs (with certain exemptions for physicians' labs.) The bills, SR 705 and HR 6221, expand both Federal and State licensing requirements and prohibit lab reimbursement for certain commissions, finder's fees and excessive rental or lease agreements. States are allowed to contract with labs through competitive bidding, on an experimental basis.

In addition, lab payments cannot exceed the lowest amount charged to any private customer, and physicians may bill Medicaid for lab services not personally performed or supervised, under certain charge restrictions. To date, the bill has passed the Senate, and been reported through one Committee in the House.

More Money for Territories

HR 9434 CHANGES the FMAP formula for Puerto Rico, Guam, and the Virgin Islands to that used in other States starting in FY 1979. The payment ceilings will be doubled for FY 1979, with ceiling increases thereafter tied to the regular (not medical) Consumer Price Index. HR 9434 has passed the House and is awaiting action in the Senate Finance Committee.

HR 7200

HR 7200 EXPANDS authorization for Title IV-A foster care payments, extends SSI to Guam, Puerto Rico and the Virgin Islands, and removes AFDC payment ceilings in those territories. The Senate version of this bill adds an adoption assistance program, making Title XIX funds available for certain adoption cases and changes SSI provisions for eligibility and continued coverage. The bill has passed the House, and is awaiting floor action in the Senate.

FRANK BEAL was appointed to the post of Deputy Administrator for Operations in the Health Care Financing Administration (HCFA). Mr. Beal comes from the position of Secretary of Public Welfare in Pennsylvania. In this new position, he will coordinate and oversee the operations of Medicare, Medicaid, the Office of Program Integrity, and Health Standards and Quality.

New Acting Regional Medicaid Directors
(appointed since January 1):

Theodore Shulman	Region II
Richard Morris	Region IV
Marty Stanton	Region V
Candido Salazar	Region VIII
Larry McDonough	Region IX
Jim Benz	Region X

New Single State Agency Heads:

Helen Beirne, Ph.D.	Alaska
Mr. Armando R. Atencio	Colorado
Mr. Victor Preisser	Iowa
Mr. Aldo Colautti	Pennsyl.
Mr. Virgil L. Conrad	South Carolina
Dr. Frithjof O.M. Westby	South Dakota
Sister Elizabeth Candom	Vermont

New State Medicaid Directors:

Mr. Keith Putman	Oregon
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NEWS--continued

Arkansas EPSDT

THE ARKANSAS Health Department has received authorization for 51 new positions to strengthen EPSDT screening and outreach. In addition, the State agency is moving to assure that children receive follow-up services promptly.

New York Utilization Review

HEW IS CONSIDERING FUNDING a demonstration project designed to resolve the current compliance issues existing surrounding NEW YORK STATE's utilization review effort. New York has been loath to surrender review authority on Medicaid hospital claims to PSROs, as the State claims that its present cost-containment system is working effectively.

The study will center on a limited number of hospitals covering no more than 100,000 Medicaid patients, with State "on-site" review teams and the PSRO effort splitting the review responsibility. The project will study the effectiveness of PSRO and "on-site" review systems in assuring appropriateness of hospital utilization and provision of medical care.

Medical Costs Higher

THE MEDICAL CARE COMPONENT of the Consumer Price Index (CPI) increased 8.8% in 1977, compared to 6.8% for all prices. Total hospital costs rose 10.4%; semiprivate room charges, 10.8%; and physicians' fees, 9.2%.

Medicaid Management Exchange--MMX

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Health Care Financing Administration
Medicaid Bureau

NEWS IN BRIEF--continued

HCFA Rulings

HCFA IS STARTING a quarterly publication, Health Care Financing Administration Rulings, that will inform the public about rulings affecting Medicare, Medicaid, and other programs under the jurisdiction of HCFA.

The publication will cover final opinions, orders, statements of policy, and interpretations adopted by HCFA that are not published in the Federal Register. HCFA Rulings will also feature a quarterly indexing of all agency staff manuals and instructions.

Publication is expected to begin in the spring of 1978. It will be available from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

UPCOMING
IMM EVENTSEligibility Multi-State Workshops:

Annapolis	4/12-14
Minneapolis	5/2-4

Fraud and Abuse Workshops for State Staff:

Philadelphia	4/25-27
Chicago	5/23-25
Portland, Oregon	6/6-8

National Medicaid Symposium for
State and Local Elected Officials:

Washington, D.C.	6/21-23
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Please contact the Institute for Medicaid Management for further information.

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